

From: [Joanne Picarro](#)
To: [*TE/GE-EO-F990-Revision;](#)
CC:
Subject: Form 990 Redesign
Date: Thursday, September 13, 2007 11:31:31 AM
Attachments: [Form 990 Ltr. 9-13-07.pdf](#)

Attached please find letter regarding the above.

*Joanne Picarro, Office Administrator & Executive Assistant
Independent Insurance Agents & Brokers of New York, Inc.
5784 Widewaters Parkway, 1st Floor
Dewitt, NY 13214
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<http://www.iiabny.org>*

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September 13, 2007

Lois G. Lerner
Director of the Exempt Organizations Division of the IRS

Ronald J. Schultz
Senior Technical Advisor to the Commissioner of TE/GE

Catherine E. Livingston
Deputy Associate Chief Counsel (Exempt Organizations)

Internal Revenue Service
Form 990 Redesign
ATTN: SE:T:EO
1111 Constitution Avenue, NW
Washington, DC 20224

Dear Ms. Lerner, Mr. Schultz, and Ms. Livingston:

I've recently had the opportunity to review the information provided by the American Society of Association Executives (ASAE) relative to the redesign of the form 990. ASAE has done an outstanding job of identifying and explaining the potential problems if the service moves forward with implementation of the 990 as it is currently contemplated. I won't take your time to reiterate those points, but I would simply say that I agree with each of the concerns that ASAE has raised and hope that you will consider them; and most importantly, it would be my hope that you consider putting off the implementation period for this, even if it does create a technology delay.

As you contemplate this change, I believe, using today's vernacular, that "less is more". As an example, I've recently gone through the refinancing of our home. Due to several federal regulations and, for that matter, state regulations, there are a host of disclosures that I must sign in that process. I'm not unusual as a consumer of a mortgage product, which means I simply signed each form that needed to be signed. I didn't have the time, the inclination, and in some cases, perhaps the understanding to be able to read each of the forms and understand what it means and what it disclosed. I'm afraid that the approach being taken to the 990 may in many ways create the same scenario in the not for profit world -- a great deal of information being put



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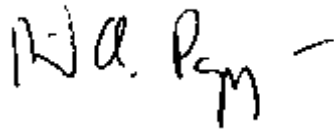
e-mail: iiabny@iiabny.org
web: www.iiabny.org

out there, but with little ability for folks to understand and digest it, especially the summary page.

In the long run, it will just create a great deal more white noise and for casual observers and readers, give them the opportunity to misunderstand and misuse the information.

I urge you to take to heart the comments that have been made by ASAE regarding the redesign of the forms.

Cordially,

A handwritten signature in black ink, appearing to read "R.A. Poppa" followed by a short horizontal line.

Richard A. Poppa, CAE AAI
President & Chief Executive Officer

From: [Scott Dick](#)
To: [*TE/GE-EO-F990-Revision;](#)
CC:
Subject: Comments on IRS Form 990 Draft Redesign
Date: Thursday, September 13, 2007 8:53:23 AM
Attachments: [AMR Comments - IRS 990 Draft Redesign.pdf](#)

Form 990 Redesign

ATTN: SE:T:EO

To whom it may concern,

Please find attached our comments regarding your draft redesigned Form 990, *Return of Organization Exempt from Income Tax*.

AMR Management Services (AMR) is pleased to have this opportunity to submit our attached comments regarding the draft, respectfully for your additional consideration. Thank you for your efforts to improve the form and for giving those of us who work within the nonprofit industry on a day to day basis this chance to provide our feedback.

<<AMR Comments - IRS 990 Draft Redesign.pdf>>

Respectfully,

J. Scott Dick, CPA

Vice President of Finance

AMR Management Services

201 East Main Street, Suite 1405

Lexington, KY 40507

September 11, 2007

Form 990 Redesign
1111 Constitution Avenue, N.W.
Washington, DC 20224

ATTN: SE:T:EO

To Whom It May Concern:

AMR Management Services (AMR) is pleased to have the opportunity to comment on the draft redesigned Form 990, *Return of Organization Exempt from Income Tax*.

Since 1997, AMR has provided professional management services to nonprofit organizations, primarily professional societies and trade associations. AMR is one of five initial charter-accredited firms by the AMC Institute, a Section 501(c)(6) trade association whose membership consists of association management companies (AMCs). We deliver broad-reaching expertise in all aspects of association management to organizations across the United States, including executive and administrative management, financial management, advocacy, public relations, marketing, conference and event management, committee oversight, research, membership recruitment and retention, fundraising, and strategic planning. Our clients range in size from annual budgets of less than \$25,000 to \$3,000,000, representing various industries such as: healthcare, state government, technology, procurement, financial, hospitality and tourism, and telecommunications.

Comments on the Draft Redesigned Form 990

We recognize the importance of your agency's guiding principles behind the redesign and we support and commend your efforts to enhance transparency, promote tax compliance, and minimize the burden of filing. We appreciate the level of complexity and effort that is involved in this project and respectfully submit the following comments to you to assist in your update to the Form 990:

1. Reporting Management Company Fees (Part III, Section B, items 5, 5e, and 5f) and (Part V, item 11a):

We are pleased with the IRS's approach to the reporting of fees paid to management companies in the draft redesign. We are aware of the past and present concerns that a key employee of an exempt organization could attempt to avoid reporting his or her compensation by setting up a bogus, for-profit entity and becoming an "employee" of that entity, and we believe the IRS has successfully addressed this issue in the draft redesign in a way that effectively prevents such a scheme.

We are aware that the IRS initially addressed this kind of scheme by adding a new instruction to the 2000 version of the Form to require exempt organizations to characterize the fee paid to a management company as the "compensation" of the management company employee who served as an officer or director of the exempt organization. Following comments from the AMC community and association industry that raised significant concern that such an approach was flawed, the IRS issued Announcement 2001-33 which allowed exempt organizations to list the name of the management company in Part V (rather than the individual management company employee), along with the total management fee.

Now, the draft redesign has adopted an alternative approach that we consider preferable. Part III, Section B, item 5 provides that if there is any person who is (or was) an officer, director, or trustee of the exempt organization within the past five years, and pursuant to section 5e, is also an officer, director, owner, key employee, or similar insider of an entity doing business with the exempt organization, such person's name must be disclosed in section 5f along with any fee paid by the exempt organization to the entity, thereby preventing the use of a bogus, separate entity to hide compensation.

In addition, the draft instructions provide that the information to be reported in item 5f "concerns only the relationship between the organization and the entity that is doing business with the organization" and "compensation or other payments from such entity to the organization's listed persons" is not to be reported. We believe this instruction finally resolves the issue of interplay between reporting management company fees and listing management company personnel who serve as officials of the exempt organization.

Finally, we are pleased to see that the reporting of fees paid to management companies is addressed in a direct and unequivocal manner now that they are to be disclosed in Part V, item 11a, "Fees for services (non-employee) Management."

Based on the above, we strongly urge the IRS not to make any further changes or adjustments to these items.

2. Administrative Burden and Threshold for Filing:

Overall, we are very concerned about the additional level of administrative burden (recordkeeping, information-gathering, etc.) that will be required of our association clients in complying with the expanded Form 990 and accompanying schedules. For the associations we represent, we believe the current draft redesign will equate to additional direct costs (management company fees and external CPA fees) and will divert time and resources away from those organizations' core programs and purposes.

We are pleased that the IRS is proposing to increase the filing threshold for the Form 990 from \$25,000 in annual gross revenue to \$100,000, but we would recommend that this be increased to \$500,000 for Section 501(c)(6)

trade associations, for Section 501(c)(3) professional societies, and for Section 501(c)(3) foundations that are “Type I supporting organizations” to 501(c)(6) associations. This would help to offset the regulatory burden & costs for the non-charitable nonprofit organizations whose purposes and practices are vastly different than charitable organizations. It is our understanding that the reasons for enhancing the reporting requirements of charitable organizations, such as through this Form 990 redesign, are (a) to protect charitable donors, and (b) to prevent misuse of charitable assets, which are concerns that do not apply to industry/professional membership organizations.

The revenue threshold is a simple opportunity to recognize the distinction between the charitable and non-charitable classification of exempt organizations and thereby lessen the administrative burden and costs for the trade associations and professional societies.

3. Services of Independent Accountants:

(Part III, Question 8)

This question asks for an indication “whether an independent accountant provides any of the following services” with respect to the organization’s financial statements: Compilation, Audit, or Review.

We respectfully recommend that the question provide for an additional box to be added for an “Agreed Upon Procedures” (AUP) engagement. In consultation with qualified firms of independent Certified Public Accountants over the years, we have often been advised to consider the AUP engagement as a good alternative to the traditional Audit, Review, or Compilation, in that it could be custom-designed to provide a higher level of substantive testing than a traditional Compilation or Review, and yet be a good way of controlling costs when compared to the more comprehensive Audit. For smaller associations and in certain other situations, we have found the AUP engagement to be a better “hybrid” solution than one of the three standard engagements referenced in the draft redesign version of this question.

4. Other Miscellaneous Items:

Part III, Question 9

This question asks: “Does the organization have an audit committee?” We suggest that this question be changed to say: “Does the organization have an audit committee or a body that performs the functions of an audit committee?”

Part III, Question 10

This question asks: “Did the organization’s governing body review this Form 990 before it was filed?” We agree with the comments of both the AMC Institute and the American Society of Association Executives

(ASAE) which suggest that it is not a best practice for boards to review the Form 990. We too are unaware of a single association board that reviews the Form 990 in the normal course of business. Therefore, we believe that an association that employs comprehensive financial oversight according to a Board's directives is sufficient in this area.

Thank you again for this opportunity to submit comments regarding the draft redesigned Form 990.

Sincerely,



J. Scott Dick, CPA
AMR Vice President of Finance

From: [Jim Anderson](#)
To: [*TE/GE-EO-F990-Revision;](#)
CC:
Subject: Form 990 Revisions - Comments from CalSAE
Date: Wednesday, September 12, 2007 7:53:47 PM
Attachments:

Good Afternoon,

This email is to communicate the California Society of Association Executives (CalSAE) regarding the Form 990 proposed revisions.

First, CalSAE fully supports the comments provided to the IRS provided by the American Society of Association Executives (ASAE). ASAE is the industry leader for the association community in the United States, and we would expect that the IRS provide weight to their comments commensurate to their leadership role. The particular letter which provides the IRS with specific and detailed comments from ASAE was dated September 10th and signed by its President and CEO, John H. Graham IV, CAE. We encourage your full consideration of their comments regarding the proposed revisions.

Second, we want to communicate that the comment period ending September 14th is inappropriately brief and does not allow for the full amount of debate and discussion that should be considered regarding such a critically important document such as the Form 990. CalSAE has over 1,100 members, which includes executives from 501(c) 3, 4 and 6 classifications. The 501 (c) community is vast and has very distinct differences. In order to fully promote clarity and full transparency with the public and key stakeholders, the Form 990 should be designed in a way that maximizes those attributes in communicating important information about each organization's financial activities, purpose and use of funds. It would appear that the current design does not allow for this and we would again ask for an extension of the comment period.

Your consideration of these comments is appreciated.

Sincerely,

Jim Anderson, CAE
President & CEO
CalSAE
(916) 443-8980
www.calsae.org

The mission of the CalSAE is to ensure the personal and professional growth of our members as well as advance the association and not-for-profit management profession through networking, education, shared knowledge, and advocacy.

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From: [Cheryl Ronk](#)
To: [*TE/GE-EO-F990-Revision;](#)
CC:
Subject: 990 revision
Date: Wednesday, September 12, 2007 5:48:13 PM
Attachments: [IRS letter.doc](#)

This letter was also mailed today.

<<IRS letter.doc>>

Thank you,

Cheryl Ronk

Cheryl Ronk, CAE
President
Michigan Society of Association Executives
1350 Haslett Road
East Lansing, MI 48823
517-332-6723
cell 517-402-5080

September 12, 2007

Lois G. Lerner
Director of the Exempt Organizations Division of the IRS

Ronald J. Schultz
Senior Technical Advisor to the Commissioner of TE/GE

Catherine E. Livingston
Deputy Associate Chief Counsel (Exempt Organizations)

Internal Revenue Service
Form 990 Redesign
ATTN: SE:T:EO
1111 Constitution Avenue, NW
Washington, DC 20224

Dear Ms. Lerner, Mr. Schultz, and Ms. Livingston:

Thank you for sharing the ideas for the redesign of the new 990 form with those of us that work in the industry and represent entities in the nonprofit sector.

I realize that our national equivalent, the American Society of Association Executives, has submitted a comprehensive analysis of the changes and how the changes could impact the industry and preparers of the documents.

In reviewing their materials I noted one issue that I would recommend be considered while this redesign is being undertaken and it relates to the reporting of the highest compensated employee. Many associations (primarily 501(c)6 or 501(c)4 organizations) also have a foundation (501(c)3 organization), and a Political Action Committee (PAC). All three entities complete 990s. In many cases the same individual is the staff leader for all three entities. Thus, their salary is reported on all three 990s even though they only receive compensation from the association and no salary dollars come from the foundation or the PAC. Since most individuals reading the 990 would not understand this the result is misleading. It would appear that the highest paid employee is receiving funds from three entities and more importantly, when reviewing the foundation or PAC 990, that funds are being distributed from that entity that are not coming from it at all.

Internal Revenue Service
September 12, 2007
Page two

I commend the Internal Revenue Service for all the due diligence you have put into place to provide accurate reporting on salaries of charitable entities especially when we have experienced a lack of transparency in this area. However, with the current situation, even though it may appear there is transparency, it results in inaccurate reporting.

There are a variety of alternatives to make this reporting more accurate. One method would be to indicate on the form if the highest compensated staff person's salary is reported on another 990 and to specify which organization reported his or her compensation. Another option would be that compensation is reported only on the 990 of the organization that has paid the compensation. Thus, for the foundation or PAC in this case, they would report zero or report another individual as the highest compensated employee.

All change takes work. I appreciate you reviewing this suggestion and hopefully it will lead to improved reporting overall.

Sincerely,

Cheryl Ronk
President

From: [Grass, Peter](#)
To: [*TE/GE-EO-F990-Revision;](#)
CC:
Subject: Form 990 Comments attached
Date: Wednesday, September 12, 2007 3:57:50 PM
Attachments: [AI Final 990 Cmts.pdf](#)

Please find attached formal comments from the Asphalt Institute regarding the Draft IRS Form 990 redesign.

Best regards,

Peter T. Grass
President
Asphalt Institute
2696 Research Park Drive
Lexington, KY 40502
(859) 288-4989



Peter T. Grass
President

Internal Revenue Service
Form 990 Redesign
ATTN: SE:T:EO
1111 Constitution Ave., N.W.
Washington, DC 20224

Sir:

We furnish this letter to concur with the collective comments made by the American Society of Association Executives concerning the IRS Draft Form 990 redesign. A copy of their comments is attached for your ready reference.

The Lexington, KY based Asphalt Institute is a 501(c)6 trade association which employs approximately 30 people. We feel that in particular, the provisions for additional disclosure of compensation details of those employees beyond the President/CEO are unnecessary. Further, the disclosure of this information in such a public way would create an untenable situation in terms of motivating, retaining, and indeed recruiting the capable staff required to be effective in today's competitive workplace.

Please do not hesitate to call on me for additional information. I can be reached via email at pgrass@asphaltinstitute.org or via phone directly at (859) 288-4989.

Sincerely,



Peter T. Grass

encl

From: [Tom Dolan](#)
To: [*TE/GE-EO-F990-Revision;](#)
CC:
Subject: Comments on Draft Form 990
Date: Wednesday, September 12, 2007 2:49:10 PM
Attachments:

In my capacity as president and chief executive officer of the American College of Healthcare Executives (ACHE), the professional society for leaders of our hospitals and healthcare systems, I respectfully submit the following comments in response to your request of June 14, 2007, regarding the draft Form 990 and accompanying schedules, currently scheduled to be released in final form in 2009, for the 2008 filing year.

Along with the American Society of Association Executives (ASAE), it is ACHE's opinion that the draft Form 990 poses significant questions and concerns for associations and other nonprofit organizations that are required to file. We appreciate the agency's guiding principles behind the redesign - to enhance transparency, promote tax compliance, and minimize the burden on filing organizations. However, we have significant areas of concern.

While a properly designed Form 990 could help educate the public about the purpose and mission of a professional or industry-oriented association, we do not believe that the draft Form 990 accomplishes this. For example, the summary page calculates compensation and fundraising expense ratios that are both meaningless and grossly misleading, especially to the casual Form 990 reader.

ACHE concurs with the overall perspective represented by the comments of ASAE in its September 10, 2007 response to the draft form: major portions of the draft form are not applicable to professional societies and other associations. While not reiterating all the issues raised by ASAE, a few examples suffice to demonstrate the problem of relevance to professional societies. For example:

Questions 3 and 4 ask for total governing body members and total "independent" governing body members despite the term "independent member of a governing body" being somewhat meaningless in the context of a trade association or professional society. By definition, a professional society like ACHE is a membership organization composed of individuals who have bonded together for a common purpose. Virtually every member of a professional association is "related" to the organization, in one form or another. This means that every single governing body

member could very well fail at least one of the "independence" definitions set forth in the draft Glossary. Accordingly, a "zero" answer to Question 4 would provide a misleading and distorted picture of a professional society such as ACHE.

Questions 8b, 19b, and 24b calculate "metrics" or percentage ratios that purport to measure certain organizational efficiencies. These ratios are arbitrary; furthermore, they are neither accepted nor used in any segment of the nonprofit world. Due to the vast diversity of organizations required to file the 990, any attempts to use these metrics to compare one organization with another -- even similar organizations -- would yield highly unreliable results.

The draft Glossary contains an inappropriate expansion of the definition of "key employee" to include a person "who has responsibilities, powers, or influence like those of officers, directors, or trustees, *including a person who manages a discrete segment or activity of the organization that represents a substantial portion of the activities, assets, income, or expense of the organization.*" [emphasis added] In practice, these so-called "department heads" generally have less power and influence than the Glossary definition assumes, and including their compensation will serve no real purpose, and may result in disclosing potentially damaging "inside" information to competing organizations.

In Section B of Part II, Question 3 asks whether the compensation process for an organization's CEO, Executive Director, Treasurer, and CFO includes "a review and approval by independent members of the governing body, comparability data, and contemporaneous substantiation of the deliberation and decision." This is a difficult question for most associations to answer with any accuracy, because it is common industry practice for an association's Board of Directors to hire and compensate the CEO and/or Executive Director, but not the CFO. Accordingly, if an association complied with stated procedures for every listed position *other* than the CFO, it would still be forced to answer "no" to this question. This would be a highly misleading answer. If this question is retained in the final Form 990 version, then there should be a checkbox for *each* position: CEO, Executive Director, Treasurer, CFO, and an organization should be able to check "N/A" if the position is unpaid or does not exist at that particular organization.

Along with ASAE we also question the statutory authority of the IRS to ask the questions contained in Part III, Governance. We believe those questions should be left out of the final Form 990 version. The governance questions do not accurately reflect a complete governance picture, nor are the governance practices implied by the questions necessarily appropriate for all of the vastly different types of organizations required to file a 990. Some of the practices suggested by the questions are, frankly, impractical. For example, it is not usual practice for an organization's governing body to review the Form 990 before it is filed, nor should

it be necessary, as long as organization management is accurately following a Board's directives. Additionally, not all documents listed in Question 11 are required to be disclosed, and we are concerned that a "no" answer may have negative implications, creating a *de facto* standard where none should exist.

While the ASAE letter of September 10, 2007 contains many more examples, the above few are only intended to highlight our major concern that the proposed Form 990 does not reflect the realities of professional associations such as ACHE. We therefore concur with ASAE in recommending that there is an extension of the comment period to allow for prudent consideration of the new draft form and its implications for the different types of filing organizations. Given that this may not be possible, because of technological and budgetary reasons, we request a delay in implementation of the core form until the 2009 tax year (returns filed in 2010).

Sincerely,
Thomas C. Dolan, Ph.D., FACHE, CAE
President and Chief Executive Officer
American College of Healthcare Executives
One North Franklin Street, Suite 1700
Chicago, IL 60606-3491

Phone: 312-424-9365
Fax: 312-424-0023
E-Mail: tdolan@ache.org

Ex. Asst.: Julie A. Nolan
Phone: 312-424-9367

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From: [Cristol, Rick](#)
To: [*TE/GE-EO-F990-Revision;](#)
CC:
Subject: Kellen Company Comments on Draft Form 990 Redesign
Date: Wednesday, September 12, 2007 2:23:05 PM
Attachments: [amci_irs_comments.pdf](#)

September 12, 2007

Lois G. Lerner
Director of the Exempt Organizations Division of the IRS

Ronald J. Schultz
Senior Technical Advisor to the Commissioner of TE/GE

Catherine E. Livingston
Deputy Associate Chief Counsel (Exempt Organizations)

Internal Revenue Service
Form 990 Redesign
ATTN: SE:T:EO
1111 Constitution Avenue, NW
Washington, DC 20224

RE: Comments on June 14, 2008 Draft Redesigned Form 990

Dear Ms. Lerner, Mr. Schultz, and Ms. Livingston:

The Kellen Company (Kellen) is a global association management company, one of the largest in the association management company industry. Kellen manages 70 tax-exempt associations, primarily trade associations and professional societies. Kellen is accredited by the Association Management Company Institute and the American Society of Association Executives and subscribes to the best practices set forth in

these accreditation programs, including those related to association governance and financial management. For a further description of association management companies, please see the September 7, 2007 comments of the Association Management Company Institute, attached to these comments.

Kellen supports the guiding principles IRS has expressed as underlying the draft Form 990 redesign, namely to enhance transparency, promote tax compliance, and minimize the burden on filing organizations. However, we are concerned that many of the new requirements were developed primarily with charities in mind rather than typical trade associations and/or professional societies, and we encourage the IRS to look more carefully at segmenting requirements within the broad tax-exempt organization category. This would not necessarily require separate 990 forms, but perhaps additional qualifications as to applicability of various line items on the Form 990.

The following specific comments address Form 990 redesign issues.

Reporting of Management Company Fees

Kellen endorses and strongly encourages the IRS to maintain the approach adopted in the draft Form 990 redesign for the reporting of fees paid to management companies, and in particular, for reflecting the relationship between an individual who is an officer, director, or trustee of the exempt organization and who also serves as an officer, director, owner or in a similar capacity for a management company doing business with the exempt organization. We again refer to the September 7, 2007 comments of the Association Management Company Institute (AMCI), which address the history of this issue and AMCI's position, that the current draft redesign approach adequately addresses appropriate disclosure. Kellen agrees with and endorses this position.

Filing Threshold

The draft Form 990 redesign proposes to increase the filing threshold from \$25,000 in annual gross revenue to \$100,000 and total assets of \$250,000 or more at the end of the year. We applaud the IRS recognition of the filing burden many small associations shoulder in staff time and costs as

well as the expense associated with outside auditors and professional tax return preparers; however, the \$100,000 threshold for trade associations and professional societies is still relatively low. We propose that the IRS raise this threshold to \$500,000 in gross revenue and total assets of \$250,000 or more at the end of the year for Section 501(c)(6) trade associations and for Section 501(c)(3) professional membership societies, especially those that are member-controlled.

We appreciate the concerns that IRS has about the protection of charitable donors and preventing misuse of charitable assets in charitable organizations and understand that IRS has stated publicly that it will not provide for a separate Form 990 for trade associations or other membership organizations. However, our proposed revenue thresholds for these specific 501(c) organizations will serve greatly to meet the IRS guiding principle of “minimizing the burden” on small associations.

Governance Issues

Part III, Question 9 on the draft Form 990 Redesign asks, “Does the organization have an audit committee?” This suggests that IRS believes an audit committee is a best practice that nonprofit organizations must follow. We agree that some governance body within the organization should perform the function of the audit committee, but a finance committee or executive committee can accomplish this just as easily, competently and thoroughly. A change in this question to: “Does the organization have an audit committee or body that performs the functions of an audit committee?” would accommodate this alternative.

Part III, Question 10 on the draft Form 990 Redesign asks if the organization’s governing body reviewed the Form 990 before it was filed. This is not a typical practice of most associations, nor should it be necessary if organization management is accurately following a Board’s directive and employing appropriate financial management, which is a best practice for association management.

The Kellen Company appreciates this opportunity to comment on the draft Form 990 Redesign.

Sincerely,

Richard E. Cristol
President
Kellen Company
1156 Fifteenth Street, NW
Suite 900
Washington, DC 20005
Phone: 202-785-3232

From: [Cherilyn Cepriano](#)
To: [*TE/GE-EO-F990-Revision;](#)
CC:
Subject: Form 990 Comments
Date: Wednesday, September 12, 2007 1:56:16 PM
Attachments: [AMB Comments on Revised IRS 990 9-12-07.pdf](#)

Attached please find comments regarding the revised IRS Form 990 submitted by Thomas C. Gibson, CEO, Association Management Bureau, McLean, Virginia. Please contact me if there are any questions regarding this transmission.

Cherilyn T. Cepriano, J.D.
Senior Associate
Association Management Bureau
The Coulter Companies
8405 Greensboro Drive, Suite 800
McLean, Virginia 22102
phone (703) 506-3260
fax (703) 506-3266



ASSOCIATION MANAGEMENT bureau

Making good organizations great

a Coulter company

September 12, 2007

Internal Revenue Service
1111 Constitution Ave., N.W.
Washington, DC 20224
ATTN: SE:T:EO

Re: Form 990 Redesign

To Whom It May Concern:

I write today to submit formal comments regarding the redesign of the Internal Revenue Service (IRS) Form 990 on behalf of Association Management Bureau (AMB), an association management company based in McLean, Virginia. Established in 1989, AMB serves as comprehensive management and headquarters service solution for national and international nonprofit organizations. AMB currently provides full-service management to seven organizations representing 11 different 501(c) organizations, combining for each the staffing depth and economic efficiency inherent in a multi-management operation with a service structure tailored to each client's unique needs.

AMB appreciates that the IRS Form 990 revisions will serve to increase transparency. We greatly appreciate that the proposed Form 990 expresses IRS comprehension that fees paid by organizations to management companies are not equivalent to direct compensation of non-profit executives within a captive-staff organization. Non-profit organizations choose a management company option in order to gain access to management expertise and administrative efficiencies. The fee paid to the management company underwrites a wide variety of business functions including real estate, administrative, employee-related, and infrastructure costs. Further, many management company employees divide their time between various organizations and clients and also undertake corporate assignments for the management company itself. As a result, the management fee cannot and should not be conflated with direct executive compensation of captive-staff nonprofit organizations.

In the interests of providing greater, but accurate, transparency, we believe that Part II, Section B of the revised 990 (questions 5a, 5e, and 5f) clearly ensures disclosure where an officer, director, or other "insider" of the organization serves in a leadership or ownership position with a third party business contractor, including a management company. Therefore, any formal business relationship between the organization and its management company will be made transparent for review on the Form 990.

We appreciate the opportunity to submit comments on the revised Form 990. Please feel free to contact me to discuss any of these issues at greater lengths.

Respectfully Submitted,

Thomas C. Gibson
President/CEO

• 8405 Greensboro Drive, Suite 800
McLean, Virginia 22102-5120

• 703 506 3260 f 703 506 3266
amborg.com

From: [Cynthia Mills](#)
To: [*TE/GE-EO-F990-Revision;](#)
CC:
Subject: Comment Submission regarding Not-for-profit 990 Tax Returns
Date: Wednesday, September 12, 2007 12:42:36 PM
Attachments: [20070913013236.pdf](#)

Please find attached the submission from the Tree Care Industry Association.

Thank you for your time and consideration,

Cynthia

Cynthia Mills, CAE, CMC

President & CEO

TCIA, the Tree Care Industry Association... "The Voice of the Tree Care Industry"

www.tcia.org

Email: _____

Ph: 603.314.5380

Fax: 603.314.5386

Publisher of TCI Magazine... The Industry's most read publication

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President & CEO

Cynthia Mills, CAE, CMC
Tree Care Industry Association
Manchester, New Hampshire
603.314.5380 x 121
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September 10, 2007

Lois G. Lerner, Director, Exempt Organizations Division

Ronald J. Schultz, Senior Technical Advisor to the Commissioner of TE/GE

Catherine E. Livingston, Deputy Associate Chief Counsel for Exempt Organizations

Internal Revenue Service
Form 990 Redesign
Attn: SE:T:EO
1111 Constitution Avenue, NW
Washington, DC 20224

Dear Ms. Lerner, Mr. Schulz, and Ms. Livingston:

The Tree Care Industry Association is a 501(c)6 organization that has served the tree care industry as a trade association since 1938. Our Board of Directors has placed high performance as a governing body as a criteria for its work and expects its CEO to follow suit in partnering with them to lead the organization. TCIA supports the concepts of good governance and transparency. We understand the desire to update the 990 to a relevant form.

TCIA supports the American Society of Association Executive's (ASAE) request to postpone the implementation of this form until the not-for-profit community has a more adequate time period to provide necessary comments on this critical document. The very need for this additional time period is well-illustrated by what seems to be some unintentional consequences in its development. TCIA also supports the comments filed by ASAE, to which we refer you for details of questions, schedules, and etc. that require attention.

However, we would like to make some specific points.

- ☒ Many of the changes are irrelevant to 501(c)6 organizations making the form cumbersome and confusing.
- ☒ The summary lay-out of the form suggests that financial comparisons between 501(c)6 organizations and 501(c)3 charities would be appropriate; when exactly the opposite is true. The information collected in the summary page will not provide a meaningful comparison among not-for-profit organizations, and if used for that purpose, could lead to grossly inaccurate decisions and policies by anyone sourcing this information.
- ☒ The increasing administrative burden of maintaining additional records and gathering unlimited historical information in many areas seems to negate the expectation of not-for-profits to hold administrative costs to a minimum, while maximizing mission-focused expenditures.

- ☒ The IRS appears to be attempting to establish governance policy regarding who reports to the Board. Not-for-profits employ the CEO as the only employee of the Board. Suggesting the Board should be involved in the CFO's review oversteps the Board's right to determine whom it employs and how the personnel relationships will be managed. Many CEO's have contractual relationships with the Board signed at hire delegating the responsibilities for all hiring, firing, reviews, and staff compensation. For the government to interfere with the relationships of an organization between employer and employee, and between employees, is inappropriate. The IRS's duty is to ensure that the tax-exempt status of an organization is appropriate and that taxes have been paid where applicable; not to set individual organization's governance and employee practice rules.
- ☒ The request for personal information of employees and Board members is an invasion of privacy given the on-line access to 990s.
- ☒ Requesting non-taxable expense reimbursement information, which are normal business expenditures, is duplicative and unrelated to compensation issues.
- ☒ Schedule C (Political Campaign and Lobbying Activities) requires redundancy of reporting with the FEC for (c)6 organizations with Section 527 PACs.

While the intent of this revised form may be to create a relevant document updated to suit today's not-for-profit environment, the end result falls short for a very diverse community. Unintentionally, it will create confusion, a significant administrative burden and is unlikely to produce a change in governance behavior.

With respect, we would request that the IRS do what is needed: halt the implementation of this form, even if it does mean another five years of delay and involve all aspects of our community heavily in the redesign. The format of this form may harm organizations that don't have the resources to comply. Critically, decisions that an uninformed public may make based on comparing data collected on this form, which is in fact incomparable, may result in financial harm to organizations our nation depends upon to provide critical services.

Respectfully,



Cynthia Mills, CAE, CMC
President & CEO

From: [Stephen Ingley](#)
To: [*TE/GE-EO-F990-Revision;](#)
CC:
Subject: Attached
Date: Wednesday, September 12, 2007 11:52:05 AM
Attachments: [Letter to IRS regarding changes to form 990.doc](#)

To Whom It May Concern:

Please see the attached letter regarding the proposed revisions to Form 990

Sincerely,

Stephen J. Ingley
Executive Director
Airborne Law Enforcement Association



411 Aviation Way, Suite 200 Frederick, MD 21701
Bus (301) 631-2406 Fax (301) 631-2466
www.alea.org

September 12, 2007

Lois G. Lerner
Director of the Exempt Organizations Division of the IRS

Ronald J. Schultz
Senior Technical Advisor to the Commissioner of TE/GE

Catherine E. Livingston
Deputy Associate Chief Counsel (Exempt Organizations)

Internal Revenue Service
Form 990 Redesign
ATTN: SE:T:EO
1111 Constitution Avenue, NW
Washington, DC 20224

Dear Ms. Lerner, Mr. Schultz, and Ms. Livingston:

The Airborne Law Enforcement Association (ALEA) is a 501(c)(3) nonprofit organization, founded in 1968 to support, promote, and advance the safe and effective utilization of aircraft by law enforcement agencies in support of law enforcement missions through training, networking and educational programs. Its vision is the safe and successful completion of each airborne law enforcement mission.

The purpose of this letter is to voice ALEA's support of the September 10, 2007 letter to you from the American Society of Association Executives (ASAE) and to respectfully request that you give significant consideration to the concerns and suggestions outlined in that letter.

ALEA values processes and reporting requirements that result in the delivery of meaningful information and the enhancement of organizational transparency. However, we believe that the draft revised Form 990 that has been proposed will not achieve these goals, while at the same time, result in significant increases in regulatory burdens and promote greater noncompliance.

Page Two

Thank you for the opportunity to provide input on this significant matter.

Sincerely,

Stephen J. Ingley
Executive Director
Airborne Law Enforcement Association

Cc: ALEA Board of Directors

From: [Kathie Feldpausch](#)
To: [*TE/GE-EO-F990-Revision;](#)
CC: [Sandy Stump;](#)
Subject: Response to June 14, 2007 requests
Date: Tuesday, September 11, 2007 3:10:46 PM
Attachments: [image002.gif](#)

The Michigan Association of REALTORS sincerely appreciates the opportunity to respond to the draft 990 Form and accompanying schedules. I have read through a sampling of the comments submitted to you during the comment period and feel that many of my positions are echoed in these comments. I will therefore keep these comments brief.

The new form will undoubtedly increase the burden of reporting for non-profit entities, therefore increasing our annual internal and external accounting costs.

Recommendations:

Part I

Remove Questions 3 and 4

Remove Question 6

Remove Question 7

Remove Questions 8b, 19b and 24b

Quite frankly, the tone and tenor of the questions posed in Part I is offensive on a number of levels.

Schedule C

Remove Question 5. Our association strongly objects to, as it constitutes duplicative reporting, Question 5. This question requires all organizations to list the names, addresses and EINs of all section 527 political organizations to which payments were made, including political contributions properly received from members and transferred to an association's own political action committee (PAC) under Federal or state law. All of this information is available elsewhere. Indeed, we have spent significant resources to develop computer systems to adhere to the PAC reporting requirements at the state and federal level.

In closing, I must once again object to the additional burden this expanded form 990 places on our association.

When I look at your goals – particularly with respect to readily painting a realistic picture of the association, I do not believe your proposed form will be effective and I personally believe it could be damaging to the non-profit environment. Our association, and many like it, plays a valuable role not only for our members, but for the public interest as well. Most 990 readers, as you certainly are aware, do not bother to read the supporting details.

To that end, please consider our changes as requested.

Sincerely,

Kathie Feldpausch
Senior Vice President, CPA, RCE

.....
Michigan Association of REALTORS®
email: kfeldpausch@mirealtors.com
direct: 517.334.5544
www.mirealtors.com

From: [Tom White](#)
To: [*TE/GE-EO-F990-Revision;](#)
CC: rhay@asaenet.org;
Subject: FW: ASAE Final Comments to IRS on Draft Form 990
Date: Monday, September 10, 2007 7:42:12 PM
Attachments:

to: _____

Sirs,

I wish to add our voice to that of ASAE against the proposed form 990 changes.

As a membership association with fewer than 100 members and less than \$200,000 in annual revenues, most of what the new form requests is totally irrelevant to us. It would be both a burden and a waste of everyone's time for us to complete this form.

The IRS grants individual taxpayers with minimal income and deductions the option to complete a simplified tax form, and we think IRS should provide a Form 990 alternative -- essentially the version in use today -- for smaller non-profits whose activities and management structure do not justify such extensive documentation.

Regards,

Tom White
President/CEO
MIDI Manufacturers Association
PO Box 3173 La Habra CA 90632
(V) 714-736-9774
(F) 714-736-9775
(E) twhite@midi.org
www.midi.org

-----Original Message-----

From: Jim Clarke, ASAE Public Policy [<mailto:rhay@asaenet.org>]
Sent: Monday, September 10, 2007 11:47 AM
To: Tom White
Subject: ASAE Final Comments to IRS on Draft Form 990

ASAE

Many thanks to everyone who provided feedback last week on ASAE's draft comments on the new Form 990. You can download ASAE's final comments by [clicking here](#). These comments were sent to the IRS today and represent our best efforts to articulate the major concerns that associations, professional societies and other types of tax-exempt groups have with the new draft form.

As you are hopefully aware at this point, the IRS has asked that comments on the draft Form 990 be received by Friday, Sept. 14. Given the number of significant changes proposed on the new form and the implications for the tax-exempt sector, it is vitally important that the IRS hear from our community.

If you have not already submitted your own comments to the IRS, we encourage you to do so this week. Despite our previous request (delivered in the form of a sign-on letter with more than 900 names), the IRS has indicated it is unlikely they will extend the comment period past Sept. 14 due to a technology window and the reality that the resources to create the new form are available now.

Please feel free to adopt positions outlined by ASAE in your comments, or to speak in your own organization's voice. It is important, however, that IRS hear from us this week. Comments can be sent to the IRS at Form990Revision@irs.gov, or mailed to Form 990 Redesign, ATTN: SE:T:EO, 1111 Constitution Ave., N.W., Washington, DC 20224.

American Society of Association Executives
1575 I St. N.W., Washington, DC 20005-1103
Phone: (202) 626-2703; Fax: (202) 371-1673



From: [Peg Greiwe](#)
To: [*TE/GE-EO-F990-Revision;](#)
CC:
Subject: Comments
Date: Monday, September 10, 2007 6:16:07 PM
Attachments:

Hello,

I represent seven different 501c3,4 and 6. I strongly encourage the IRS to accept the comments of the ASAE (American Society of Association Executives) and use them in the revision of Form 990.

Thank you.

Peg Greiwe, Executive Director and Secretary
Washington State Dental Laboratory Assn
Back Country Horsemen of America
Bethel Educational Scholarship Team
Graham Kapowsin Dollars for Scholars Community Foundation
Back Country Education Foundation of America
Graham Business Association
The Country Homeowners Association

360-832-2451
360-832-2461
360-832-2471
FAX 360-832-2471
peg2@mashell.com

From: [Dale Silverman](#)
To: [*TE/GE-EO-F990-Revision;](#)
CC:
Subject: Comments re draftform990
Date: Monday, September 10, 2007 3:58:08 PM
Attachments: [irsdfattform990.tif](#)

The attachment contains this association's comments.

Dale Karen Silverman, CAE, SPHR
Executive Vice President

Association of Woodworking & Furnishings Suppliers[®]
500 Citadel Dr., Ste.200
Commerce, CA 90040
323.838.9440

Important Dates!

WIC ~ April 23-26, 2008 ~ La Quinta Resort, CA

AWFS[®] Fair ~ July 15 - 18, 2009 ~ Las Vegas, NV

Sept. 5, 2007



Lois G. Lerner
Director of the Exempt Organizations Division of the IRS

Ronald J. Schultz
Senior Technical Advisor to the Commissioner of TE/GE

Catherine E. Livingston
Deputy Associate Chief Counsel (Exempt Organizations)

Internal Revenue Service
Form 990 Redesign
ATTN: SE:T:EO
1111 Constitution Avenue, NW
Washington, DC 20224

Dear Ms. Lerner, Mr. Schultz, and Ms. Livingston:

As an active member of the American Society of Association Executives (ASAE), Washington, DC, I consider that association to be a leading voice for the association management profession. I have read and strongly concur with ASAE's various comments and suggestions they are submitting to you regarding the draft Form 990 and accompanying schedules, currently scheduled to be released in final form in 2009, for the 2008 return filing year.

In my thirty year professional career, I have worked for both 501(c)3s as well as 501(c)(6)s and deeply understand the differences in missions and functioning of the two. Currently I am the executive vice president (CEO) for the Association of Woodworking & Furnishings Suppliers® (AWFS), a 501(c)6 trade association based in California with about 400 corporate members (including educators) that has grown from a staff of 5 to its current staff of 14 over the past decade. Its most important member service is a biennial trade show; our other primary service objective is to strengthen industry education and outreach to attract labor to the industry and train them for the ever more sophisticated jobs within the industry. The very nature of our industry trade show, occurring only in odd numbered years, already makes filling out annual public reports of any kind frustrating as every other year we operate "in the red" and in the opposite year seem to produce a large amount of revenue that is only noted in a footnote on our audited financials as the resource used to cover the subsequent year's deficit. Reporting of operating ratios is also distorted by this cycle.

I strongly agree with ASAE's position that the draft Form 990 poses significant questions and concerns for my association as it would for the various entities where I have previously worked. Frankly, a 90-day comment period makes it almost impossible to read and discuss with the association's external accountant the specific impacts of the many proposed changes. Rushing the Form 990 rewrite for any reason, including those

related to budget and programming, is a mistake that will have consequences on our society for decades if not for centuries as it diverts precious resources non-profits have to deliver service and will present a very skewed picture to the American public.

An extension of the comment period to allow for prudent consideration of the new draft form and its implications, even if this results in a delay in implementation of the core form until the 2009 tax year (returns filed in 2010) will likely produce a document that comes much closer to the stated goals that the revisions are based upon.

An additional delay of one year or more of two schedules as AAE proposes, that potentially have a severe impact on trade associations: specifically, Schedule C, "Political Campaign and Lobbying Activities," and Schedule F, "Statement of Activities Outside the U.S." will allow non-profits to modify their current budgets and accounting records to minimize the administrative and recordkeeping costs associated with compliance in these areas, and will give tax-exempt organizations the opportunity to ensure complete, accurate reporting.

* * * * *

Your agency's guiding principles behind the redesign – to enhance transparency, promote tax compliance, and minimize the burden on filing organizations – are appreciated. However, the draft form released in June fails to adequately address these goals. In particular, I have serious concerns about several of the new areas of focus on the new form, namely calculations of executive compensation as a percentage of total revenues; compensation of key employees; and requests for detailed information on governance, activities conducted outside the United States.

While the goal to design a core form that would be "applicable to all filers" is commendable, the draft Form 990 appears to be heavily skewed entirely too much toward charitable organizations, and does not take into account the vastly different purposes and practices of non-charitable organizations. The end result is a form that is totally alien to the type of organizations I have worked for these past 19 years, both a professional as well as a trade association. Many of the questions in the draft form are not applicable to associations, and the responses a trade association such as AWFS will be forced to provide might have the unintended consequence of unjustly casting us and similar associations in an unfavorable light, especially in the public view. The public and the media do not seem to be nearly as familiar with trade and professional associations as they are with public charities. A properly-designed Form 990 could help educate them about the purpose and mission of a professional or industry-oriented association. The draft Form 990 does not seem to accomplish this.

Summary (Part I) -- The purpose of Page 1 "Summary" section seems to be to provide an overall "synopsis" of the organization. This is a useful and logical approach to Form 990 redesign, but the current draft summary page appears to be more of a sampling of unrelated facts, rather than a cohesive picture. Furthermore, the summary page calculates compensation and fundraising expense ratios that are both meaningless and grossly misleading, especially to the casual reader. Associations such as AWFS do not solicit charitable funds. Ratios that would be meaningful for a trade association are not included

thus providing an incomplete and potentially confusing "snapshot" of our types of organization. I concur with ASAE's concern that unsophisticated readers of the 990 may come away with an erroneous impression of a trade association, especially if they do not bother to read beyond the first page.

ASAE has voiced several specific concerns regarding the summary page that definitely would impact AWFS:

- Questions 3 and 4 ask for total governing body members and total "independent" governing body members. The term "independent member of a governing body" is completely meaningless, in the context of our association. By definition, a trade association is a membership organization composed of individuals or corporations who have bonded together for a common business purpose. Virtually every member of a trade association is "related" to the organization. Every single governing body member would fail at least one of the "independence" definitions set forth in the draft Glossary.¹ Accordingly, a "zero" answer to Question 4 would provide a misleading and distorted picture of AWFS. What we and most associations I am familiar with aim for is a "balanced" board...one that reflects the demographics and mind set of our members.
- Question 6, which asks for the number of persons receiving compensation of more than \$100,000, is of even greater concern. One has only to look at salary surveys of charitable and trade associations to see that the two have little in common. Professional associations lie somewhere in the middle in these surveys. While compensation of \$100,000 may be a significant amount for many charitable organizations, it is not so for even a small association such as AWFS. AWFS exists specifically to promote our industry and we draw our employees from the business world. My last few employee searches took almost a year respectively even though the salaries offered were well above the \$100,000 level. The skill sets we needed are also sought by private businesses and an association doesn't provide the "emotional" offset that charitable organizations offer. I would urge you to listen to ASAE's recommendation that this question either be removed, or else that the "reference" salary be set much, much higher -- and, in addition, be indexed each year for inflation or to exempt non-public charities, 501 (c)(6) organizations, and others as is currently the case.
- Question 7, which asks for the highest compensation amount reported in Part II, seems to have no purpose other than "sensationalism." It provides salary information completely out of context with the rest of the organization, its size, mission, revenues, and programs. Providing a single compensation figure out of context is utterly misleading.
- Questions 8b, 19b, and 24b calculate "metrics" or percentage ratios that purport to measure certain organizational efficiencies. I fully agree with ASAE's position

¹ The third definition of an "independent member of a governing body" in the Draft Glossary reads as follows: "A person who does not receive, directly or indirectly, material financial benefits from the organization except, if applicable, as a member of the charitable class served by the organization." This is a definition that is clearly aimed solely at charitable organizations, but it is not at all clear whether this definition would also be stretched to apply to trade association members, who do receive significant benefit from membership in a trade association.

that strongly disputes the use of metrics in general, and particularly objects to the specific metrics presented on the summary page. These ratios are simply non-applicable to this association. In fact, I have found over the years when trying to complete fiscal surveys conducted by ASAE or other organizations that because of the diversity of trade and professional associations (not to mention the vast difference between any association and a charitable organization) attempts to use such metrics to compare AWFS with other associations -- even similar organizations -- often yields unreliable and meaningless results.

- The executive compensation ratio provides no useful information whatsoever, as it fails take into account organization size and complexity. When I first accepted my current position as CEO, I was the first "professional" CEO they had ever had, and the other 4 employees were all basically clerical; furthermore, our trade show was then outsourced to a vendor with the association only receiving net revenue, so that my compensation constituted a significant portion of overall expense. Without the proper context, the casual Form 990 reader is likely to merely latch onto the reported ratio and look no further, even to other possibly clarifying information on the summary page.
- Questions 25 and 26 have little relevance to trade associations, and are another example of the summary page's bias toward charitable organizations. I would strongly urge you to agree with ASAE's suggestion that this section be moved off the front page and replaced with more useful information, such as a summary of program service accomplishments. Additionally, Question 2, which asks for the three most significant activities and activity codes, is completely meaningless to the casual Form 990 reader, who would be better served by a brief summary of annual accomplishments.

Compensation (Part II and Schedule J) – I have no issue with the concept of transparency, including disclosure of compensation for officers, directors, and key employees. Nevertheless, I am greatly concerned over the extensive compensation reporting required by the new Form 990. Specific concerns are as follows:

- Expanding (in the draft Glossary) the definition of "key employee" to include a person "who has responsibilities, powers, or influence like those of officers, directors, or trustees, *including a person who manages a discrete segment or activity of the organization that represents a substantial portion of the activities, assets, income, or expense of the organization.*" means AWFS will be forced to disclose potentially damaging "inside" information to competing organizations as well as to our own employees, who all ready are sure they are not as well paid as their fellow department heads.
- My two "department heads" have less power and influence than the Glossary definition assumes, and including their compensation will serve no positive purpose. I would urge the IRS to return to the definition for "key employee" currently included in the Form 990 instructions: "any person having responsibilities, powers or influence similar to those of officers, directors, or trustees. The term includes the chief management and administrative officials of an organization . . . [for example] a chief financial officer and the officer in charge of the administration or program operations are both key employees if they have

the authority to control the organization's activities, finances, or both." AWFS interprets this definition as excluding our department heads, as they have insufficient authority to "control" the organization's activities or finances, and so do not have powers or influence "similar to those of officers, directors or trustees."

- Likewise, AWFS has grave concern about expansion of compensation reporting for the "5 highest paid" employees, believing it also is inappropriate, for non-charitable organizations, for the same reasons. We request that non-section 501(c)(3) organizations be exempted from this additional reporting requirement, as well as from the "5 highest paid independent contractors" requirement.
- AWFS is troubled by the new Form 990's disclosure of the city and state of residence for every person listed in Part II, Section A. Because the Form 990 is available to anyone over the Internet the disclosure of this information could lead to privacy invasion, or even outright identity theft. AWFS suggests that providing the member's state of employment (not residence as the company is the member entity), would accomplish the same purpose, and would constitute a far lesser invasion of privacy. AWFS would greatly prefer, though, that the association's address continue to be an alternative for this reporting purpose.
- AWFS completely agrees with ASAE's concern over Question 3, Section B of Part II, which asks whether the compensation process for an organization's CEO, Executive Director, Treasurer, and CFO includes "a review and approval by independent members of the governing body, comparability data, and contemporaneous substantiation of the deliberation and decision." In each and every non-profit organization for which I have worked, the association's Board of Directors hires and reviews/approves the compensation of the CEO/Executive Director;² but not the CFO -- who is hired and compensated by the CEO/Executive Director as are all other staff. This is a key standard operating procedure that healthy boards understand. Accordingly, if an association complied with stated procedures for every listed position *other* than the CFO, it would still be forced to answer "no" to this question. This would be a highly misleading answer. If this question is retained in the final Form 990 version, ASAE's suggestion that a checkbox be provided for *each* position: CEO, Executive Director, Treasurer, CFO, and permit an organization to check "N/A" if the position is unpaid or does not exist at that particular organization is an excellent one.
- With regard to executive compensation reporting on Schedule J, I fully agree with ASAE's position regarding the utility of providing nontaxable expense reimbursements (Column E). As these amounts merely represent repayments for legitimate business expenditures submitted and documented under an "accountable plan," no meaningful information can be gleaned by the amount of expenses so reimbursed. Moreover, any large amounts listed may be wrongly misconstrued by non-sophisticated readers of the form. The organizations for

² The Treasurer of a trade association or business league is usually an unpaid volunteer Board member. Additionally, a trade association generally will have an Executive Director or a CEO, but not both.

which I have worked have varied in their reimbursement procedures, and what may seem like an excessive amount of reimbursement may merely reflect a difference in accounting practices and procedures: we typically pay directly for employees and board members for association related travel whereas at previous organizations, all travel arrangements were paid for by the employee or board member and then reimbursed. Furthermore, including nontaxable reimbursements in Column (F) significantly distorts total compensation figures.

Statement of Program Service Accomplishments (Part IX) – AWFS believes information about the organization's most significant program service accomplishments is essential to any public disclosure and the reader's understanding of whether an organization is meeting its exempt purpose. As this important information is minimized by its location on the last page of the core form, we concur with ASAE recommendation that this information be moved up toward the beginning of the form.

Foreign Activities (Schedule F) -- During the past decade, AWFS has deliberately become more global. In fact, just this year our trade show was accepted into the U.S. Dept. of Commerce's International Buyer Program. We have international members and travel extensively to promote our trade show, to find out how woodworking and technical education is delivered in other countries and to promote our member's businesses. Requiring a detailed accounting of employees, activities, expenditures, etc. on a per-country basis will require us to spend many hours gathering information that will be of little overall utility, either to IRS or to readers of the Form 990.

As with many other aspects of the draft Form 990, this schedule seems to be aimed primarily at charitable organizations. AWFS concurs with ASAE's suggestion that non-charitable organizations be exempted from filling out this schedule unless they have either a bank account or permanent employees in a foreign country.

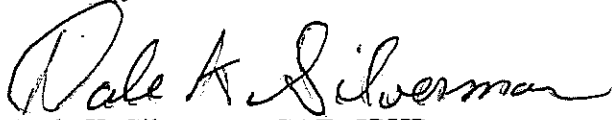
Political Activities (Schedule C) -- AWFS does relatively little lobbying but already is required to file timely and detailed reports concerning these activities. We would urge the IRS to withdraw this section, except where such contribution information is not otherwise readily available. It is duplicative and merely adds needlessly to the complexity of the revised 990.

Administrative Burden -- Overall, AWFS concurs with ASAE objections to the additional taxpayer burden inherent in the expanded Form 990. Organizations large and small, charitable and non-charitable, such as AWFS will be forced to spend many additional hours gathering information for both the core form and the schedules. Even if the amount of time is only increased by 10% or 15% rather than the 50% that ASAE estimates the average trade association will probably spend complying with the extra information requirements imposed by this form, it will be especially burdensome as our board firmly believes that association resources need to be spent on member programs and services and not on additional administrative staff.

As a member of ASAE's ethics committee, I strongly believe that transparency, compliance, and reduced regulatory burdens benefit both nonprofit organizations and the communities they serve. As executive vice president of AWFS, I do not believe that the current draft effectively addresses these principles. I would urge you to accept ASAE's

offer to assist the IRS in properly formulating a revised Form 990 that will indeed accomplish these stated goals of the IRS *without* unintended consequences and increased burden on the filing community.

Sincerely,

A handwritten signature in cursive script that reads "Dale K. Silverman". The signature is written in dark ink and is positioned above the printed name and title.

Dale K. Silverman, CAE, SPHR

Association of Woodworking & Furnishings Suppliers

cc

John H. Graham IV, CAE

President and CEO

From: [James M. Meredith](#)
To: [*TE/GE-EO-F990-Revision;](#)
CC:
Subject: Comment Letter FORM 990
Date: Monday, September 10, 2007 11:11:50 AM
Attachments: [IRS990.pdf](#)



411 North Avenue East · Cranford · New Jersey 07016-2436 · (908) 272-8500 · Fax (908) 272-6626 · Website: www.njleague.com

September 14, 2007

Form 990 Redesign
via Form990Revision@irs.gov
ATTN: SE:T:EO
1111 Constitution Ave., N.W.,
Washington, DC 20224

To Whom it May Concern:

The New Jersey League of Community Bankers is a 501(c) (6) trade association with 9 employees and represents 70 community banks in the state. We are in agreement with the intent of the proposed changes to provide greater transparency in the operations of nonprofit organizations. We do, however, have concerns that the proposed changes do not take into account the different purposes and practices of non-charitable organizations and of the changes disproportionate impact on smaller organizations.

As an overall comment, since so many questions seemed to be aimed at charitable organizations, it would ease reporting requirements for non-charitable organizations if a separate form was used for charitable organizations.

Comment Period and Implementation Date: Changes of the magnitude proposed require an extended comment period and delayed implementation date. The 90-day comment period occurred primarily over the summer months and may not have provided sufficient opportunity for affected organizations to obtain member and board input.

Compensation (Summary - Part 1): The League recommends that the compensation reporting threshold of \$100,000 in question 6, either be raised or that the question be deleted for non-charitable organizations. While compensation of \$100,000 may be a significant amount for many charitable organizations, it is not necessarily so for non-charitable organizations that often must attract employees from the business world. Accordingly, overall compensation of employees at the average trade association may be higher than that of a comparably-sized charity.

The proposed form requests calculations of executive compensation amounts as a percentage of total expenses. For smaller organizations, these ratios would likely be significantly higher than for larger organizations. Some unsophisticated readers of this data may misinterpret the importance of this information in assessing organizational performance.

Independent Governing Body Members: Questions 3 and 4 ask for total governing body members and total "independent" governing body members. The term "independent member of a governing body" is irrelevant in the context of a trade association since, by definition, a trade association is a membership organization composed of individuals or corporations who have bonded together for a common business purpose. Virtually every member of a trade association is "related" to the organization, in one form or another. This means that every single governing body member could very well fail at least one of the "independence" definitions set forth in the

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draft Glossary. Accordingly, a "zero" answer to Question 4 would provide a misleading and distorted picture of the trade association providing such answer.

Key Employees (Compensation - Part II): In addition to the compensation of the chief staff executive, any current and former officers, directors or trustees, and key employees, the draft form asks for a listing of the organization's five highest compensated employees. Additionally, the definition of a "key employee" has been expanded to encompass department heads, as well as the executive director/CEO, CEO, or COO. Reporting compensation for 5 of our 9-staff organization does not in our opinion provide the level of meaningful information as it would for a larger staffed organization. We have serious concerns that public disclosure of the compensation of our less senior level staff would provide confidential data to competing organizations and create privacy concerns for affected employees.

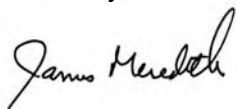
The League recommends that a percentage, perhaps 10 percent, of top employees' compensation be reported rather than an absolute number to address concerns of smaller organizations. Additionally, we recommend that the IRS return to the former definition for "key employee" currently included in the Form 990 instruction: "Any person having responsibilities, powers or influence similar to those of officers, directors, or trustees. . ."

We also recommend that the disclosure of residence for every person listed in Part II, Section A, be limited to the state in which they reside. Providing the full address presents privacy concerns for these individuals since this information would then be available to all via the Internet.

Political Campaign and Lobbying Activities: The League recommends that question 5 be withdrawn, except where such contribution information is not otherwise readily available. Campaign and lobbying activities data is reported to the Federal Election Commission (FEC) and, for the League, to the New Jersey Election Law Enforcement Commission. It is duplicative and merely adds needlessly to the complexity of the revised 990. If it is to be retained, we recommend that it be applicable only to charitable organizations.

Thank you for this opportunity to comment. If there are any questions or a need for additional information, I can be reached at 908.272.8500, ext. 614, or jmeredith@njleague.com.

Sincerely,



James M. Meredith
Executive Vice President